

## Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 AF-04 ARA-06 EA-06 NEA-06 RSC-01

AGR-05 AID-05 EB-04 COME-00 TRSE-00 SWF-01 CU-02

SP-02 NSC-05 CIEP-01 SS-15 STR-01 OMB-01 CEA-01 ABF-01

IGA-01 PA-01 PRS-01 USIA-06 CIAE-00 INR-05 NSAE-00

H-01 L-02 FRB-01 SR-02 ORM-01 /111 W

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R 090118Z NOV 74

FM USMISSION USUN NEWYORK

TO SECSTATE WASHDC 7250

INFO USMISSION GENEVA

AMEMBASSY VIENNA

IAEA VIENNA UNN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY MOSCOW

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PARIS FOR NESCO

ROME FOR FODAG

E.O. 11652: N/A

TAGS: AFIN, UN, AORG, CU, XH

SUBJ: UN FINANCES - INFLATION AND CURRENCY INSTABILITY

SUMMARY: CUBAN AND SOVIET EFFORT TO TRANSFER ADDED COSTS OF UN  
BUDGET DUE TO INFLATION AND CURRENCY INSTABILITY TO HOST  
COUNTRIES (AND US IN PARTICULAR) FAILED IN FIFTH COMMITTEE.  
END SUMMARY

1. IN WEEK AND A HALF LONG DEBATE IN FIFTH COMMITTEE  
ON THREE CUBAN DRAFT RESOLUTIONS CONCERNIG UN INVESTMENT  
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POLICY, RESPONSIBILITY FOR INFLATION AND CURRENCY

INSTABILITY, AND FRIENDLY RESOLUTION ON SUBJECT, FIFTH COMMITTEE NOVEMBER 8 SYSTEMATICALLY VOTED DOWN ALL CUBAN DRAFT RESOLUTIONS AND AMENDMENTS IN ADDITION TO SOVIET AND BULGARIAN AMENDMENTS. THEN FIFTH COMMITTEE PASSED THREE-POWER RESOLUTION (UK/DUTCH/CANADIAN) CONTAINED A/C.5/L1177/REV.2 IN ROLL-CALL VOTE BY 83 (US) - 17 - 2. THIS RESOLUTION CLEARLY TERMINATES LIFE OF WORKING GROUP ON CURRENCY INSTABILITY, EMPHASIZES THE NEED FOR PROMPT AND FULL PAYMENT OF ASSESSMENTS AND LIQUIDATION OF SHORT TERM DEFICIT, AND ASKS SECRETARY GENERAL TO KEEP PROBLEM UNDER REVIEW AND REPORT TO 30TH SESSION OF UNGA. IT REQUESTS SYG TO INSURE THAT PROGRAMS AND ACTIVITIES CONCERNING LDCS ARE NOT ADVERSELY AFFECTED.

2. DEBATE ON THIS GENERAL SUBJECT WAS INTENSE AT TIMES. INITIALLY, LDCS WHO WERE RELUCTANT TO GET DEEPLY INTO SUBSTANCE OF SUBJECT LIMITED THEMSELVES TO RATHER VAGUE STATEMENTS OF PRINCIPLE IN HOPE THAT SOME COMPROMISE FORMULA MIGHT POSSIBLY BE DEvised. CUBAN STRATEGY, HOWEVER, WAS VERY RIGID AND SERRANO OF CUBA DELIVERED THREE LONG AND, AT TIMES, IMPASSIONED SPEECHES REFLECTING LITTLE GIVE IN EXTREME POSITIONS. SINCE ATTEMPT TO STRADDLE IRRECONCILABLE STANDS WAS DOOMED TO FAILURE, MORE RESPONSIBLE LDCS BEGAN TO ADOPT POSITIONS ANTAGONISTIC TO CUBAN LINE. IN LAST DAYS OF DEBATE, CUBAN DEL MANEUVERED FRANTICALLY WITH ASSISTANCE OF SOVIET BLOC. IT TABLED AMENDMENTS WHICH IT CONSTANTLY REVISED. IT EVENTUALLY WITHDREW ITS SIXTH AMENDMENT WHICH WOULD HAVE EFFECTIVELY PARALYZED UN IF ADPTED, (NO SUPPLEMENTARY APPROPRIATIONS) AND IN LAST DAY OF DEBATE, DROPPED AMENDMENT TO PARA 5 OF THREE-POWER DRAFT RESOLUTION. SOVIETS SYSTEMATICALLY SUPPORTED EXTREME CUBAN POSITIONS ALTHOUGH CAREFULLY REFRAINED FROM SPEAKING TO REAL SUBSTANCE OF MAIN CUBAN LINE, I.E., US AS HOST COUNTRY SHOULD PAY FOR ADDED COSTS DUE TO INFLATION AND CURRENCY INSTABILITY. THE SECTION IN DRAFT RESOLUTION EVENTUALLY ADOPTED WHICH WAS MOST OBNOXIOUS TO SOVIETS WAS LANGUAGE REFERRING TO "ELIMINATION OF THE SHORT-TERM DEFICIT OF THE ORGANIZATION" WAS ATTACKED AT LAST MINUTE BY SOVIET AMBASSADOR SAFRONCHUK WHO OFFERED ORAL AMENDMENT TO DELETE THAT LANGUAGE IN OPERATIONAL PARAGRAPH 5 OF RESOLUTION. THIS SOVIET MANEUVER WAS LIMITED OFFICIAL USE

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REJECTED IN COMMITTEE BY 21-47(US)-26.

3. VOTING PATTERNS ON VARIOUS AMENDMENTS AND RESOLUTIONS REFLECTED INTERESTING SPLIT WITHIN COMMITTEE. CUBAN DEL HAD BLOC OF 19-21 WHO CONSISTENTLY GAV THEM SUPPORT. THIS GROUP CONSISTED OF SOVIET BLOC PLUS RADICAL ARABS (ALGERIA, DEMOCRATIC YEMEN, IRAQ, LIBYA), GUINEA, MEXICO, ARGENTINA, AND PERU. BLOCKING OPPOSITION GROU

FLUCTUATED BETWEEN APPROXIMATELY 35 AND 40 WITH EO STANDING FIRM, JOINED IN BY SUBSTANTIAL NUMBER OF OTHER LATIN AMERICANS, PLUS SCATTERING OF AFRO-ASIANS. ONLY CLOSE VOTE WHICH MIGHT HAVE SERIOUS EFFECTS ON UN FINANCING WAS CUBAN DRAFT RESOLUTION L.1179 RE INVESTMENT POLICY. ALTHOUGH LEADING LDCS SPOKE AGAINST DRAFT RES (E.G., TANZANIA AND UPPER VOLTA), THEY ABSTAINED ON VOTE. NEVERTHELESS, IT WAS REJECTED BY 29-35(US)-28. SEVERAL MODERATES JOINED FORCES WITH CUBAN AND SOVIET BLOC TO VOTE IN FAVOR, INCLUDING EGYPT WHICH IN EXPLANATION OF VOTE BEFORE VOTE CALLED FOR SUPPORT OF THIS DRAFT. THE MOST DAMAGING VOICES IN SUPPORT OF VARIOUS CUBAN EFFORTS WERE THOSE FROM MEXICO (CARRENCO) AND ALGERIA (BOUAYAD AGHA).

4. DRAFT RESOLUTION NOW APPROVED BY FIFTH COMMITTEE IS NOT FUNDAMENTALLY DIFFERENT FROM TEXT INITIALLY DRAFTED BY USUN. IT WAS EFFECTIVELY MANAGED THROUGH COMMITTEE BY EXTENSIVE LOBBYING BEHIND SCENES BY US DEL, AND BY VERY COOPERATIVE GROUP WITHIN WEO, IN PARTICULAR THREE SPONSORING DELS, (STUART OF UK WAS ESPECIALLY HELPFUL). HIGHLY EFFECTIVE INTERVENTIONS BY MSELLE OF TANZANIA AND KITI OF KENYA WERE INSTRUMENTAL IN BRINGING AROUND SUBSTANTIAL LDC BLOC IN SUPPORT OF DRAFT. ASSURANCE OF LATIN AMERICAN SUPPORT WAS GAINED BY ACCEPTING MODIFICATIONS PROPOSED BY GROUP LED BY MRS. DE ZEA OF COLOMBIA. FINAL RESULT WAS RESOUNDING DEFEAT FOR CUBA AND FOR SOVIET UNION WHICH HAD ATTEMPTED INITIATIVE TO EMBARRASS US AND OTHER HOST COUNTRIES TO INTERNATIONAL ORGANIZATIONS.  
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**TAGS:** AFIN, AORG, CU, XH, UN  
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